

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 SCEM-02 SCI-06 INT-08 EB-11 COME-00

TRSE-00 OMB-01 NEA-10 AF-10 DOTE-00 CIEP-02 USIE-00

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-04 RSC-01 PRS-01 SPC-03 SS-20 ACDA-19 IO-14 AID-20

DRC-01 /181 W

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P 061022Z NOV 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 9004

INFO AMEMBASSY TOKYO PRIORITY

AMEMBASSY JAKARTA PRIORITY

AMCONGEN HONG KONG PRIORITY

CINCPAC

13TH AF

CINCPACREPPHIL

CINCPACREP MARIANAS

C O N F I D E N T I A L MANILA 12481

CINCPAC ALSO FOR POLAD

STATE PASS USIA

E.O. 11652: GDS

TAGS: ENRG, RP

SUBJECT: PETROLEUM CRISIS

REF: MANILA 12419 (NOTAL)

1. AS ANTICIPATED REFTTEL, I WAS CALLED TO FOREIGN
OFFICE BY ACTING SECRETARY COLLANTES AT 1500 NOVEMBER
6 TO DISCUSS PETROLEUM CRISIS. APPROACH WAS DISTINCTLY
LOW-KEY, WITH COLLANTES MERELY ASKING FOR U.S. GOVERNMENT
"COOPERATION" IN ASSISTING PHILIPPINE AUTHORITIES
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TO COPE WITH CURRENT PETROLEUM CRISIS.

2. COLLANTES OUTLINED POSITIONS WHICH PRIME COMMODITIES COUNCIL HAD ALREADY PUBLICLY ANNOUNCED, BUT GAVE SOMEWHAT MORE USEFUL DETAILS:

(A) BUNKERING OF FOREIGN FLAG VESSELS WILL BE LIMITED TO FUEL ALLOCATION SUFFICIENT TO ENABLE VESSEL MAKE ITS NEXT PORT OF CALL, PLUS SAFETY FACTOR.

(B) REFUELING OF FOREIGN FLAG COMMERCIAL AIRCRAFT WILL SIMILARLY BE LIMITED TO FUEL LOAD SUFFICIENT TO MAKE NEXT SCHEDULED AIRPORT, PLUS FACTOR FOR WEATHER ALTERNATIVE.

(C) ALL EXPORTS OF PETROLEUM PRODUCTS REFINED IN PHILIPPINES WILL BE IMMEDIATELY SUSPENDED. (SEPTEL INDICATED POSSIBLE EFFECT RE GUAM).

(D) OIL COMPANIES OPERATING IN PHILIPPINES WILL BE ASKED ESTABLISH EQUITABLE REDUCTIONS ON THEIR SUPPLIES TO VARIOUS CUSTOMERS, INSTITUTING GENERAL SHARING OF CUTBACKS WHICH RESULT FROM IMPORT REDUCTIONS. SINCE THIS WOULD AFFECT U.S. GOVERNMENT INSTALLATIONS, PARTICULARLY U.S. BASES AT CLARK AND SUBIC, EMBASSY REQUESTED ASSURE "COOPERATION" BY THOSE COMMANDS WITH OIL COMPANY ACTIONS, AND WITH ELECTRIC POWER RATIONING, AS THAT DEVELOPS.

(E) PHILIPPINES SEEKING MAXIMIZE DELIVERIES OF CRUDE OIL TO REFINERIES IN THIS COUNTRY AND TO OBTAIN FINISHED PRODUCE IF POSSIBLE. COLLANTES ASKS U.S. GOVERNMENT COOPERATION TO INDUCE U.S. OIL COMPANIES TO DELIVER "FAIR SHARE" THEIR PRODUCTS TO PHILIPPINES. GOP ASKING INDONESIA TO ALLOCATE SUMATRA AND BORNEO CRUDE FOR USE IN PHILIPPINE REFINERIES AND, IF SUCH CRUDE OBTAINED, WOULD ASK OIL COMPANIES TO CONVERT REFINERY RUNS TO ACCOMMODATE INDONESIAN PRODUCT.

3. I TOLD COLLANTES U.S. GOVERNMENT CONSUMERS IN PHILIPPINES ARE PREPARED COOPERATE WITH GOP AUTHORITIES IN MEETING CURRENT CRISIS. I ASKED WHETHER WE WOULD RECEIVE PROPOSALS FOR FUEL CONSERVATION MEASURES DIRECTLY FROM GOP OR CONFIDENTIAL

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THROUGH OIL COMPANIES. COLLANTES SAID ACTION AGENCY WOULD BE OIL COMPANY (IN THIS CASE ESSO, WHICH HOLDS ALL CURRENT CONTRACTS WITH ALL U.S. GOVERNMENT AGENCIES IN PHILIPPINES CONSUMING PETROLEUM PRODUCTS OF PHILIPPINE ORIGIN).

4. I ALSO SAID WE WOULD ENCOURAGE U.S. SUPPLIERS TO PROVIDE FAIR SHARE OF CRUDE ALLOCATIONS TO LOCAL REFINERIES. HOWEVER, I POINTED OUT THAT PRICE OF PRODUCT AT THE PUMP

COULD BECOME MAJOR FACTOR IN ASSURING SUCH SUPPLY, SINCE COMPANIES COULD HARDLY BE EXPECTED TO BEND OVER BACKWARDS TO SUPPLY MARKET IN WHICH THEY ARE LOSING MONEY. I THEREFORE URGED GOP RECONSIDERATION OF CURRENT PRICING POLICY, NOT ONLY AS AN INCENTIVE TO SUPPLY, BUT ALSO AS AN AUTOMATIC RATIONING FACTOR.

5. ALSO ON AFTERNOON NOVEMBER 6, I MET WITH REPRESENTATIVES OF SUBIC AND CLARK, AS WELL AS OFFICER RESPONSIBLE FOR FUEL SUPPLY TO VOA TRANSMITTER SITES, AND ASKED THEM TO PREPARE PLANS TO CONFORM WITH PROBABLE CUT OF ABOUT 20 PERCENT IN EACH OF THEIR VARIOUS CONTRACTS FOR MONTH OF NOVEMBER. ESSO IS SEEKING PHILIPPINE OFFICIAL AUTHORITY TO DIRECT SUCH A CUT ACROSS THE BOARD TO ALL ITS CUSTOMERS, INCLUDING U.S. GOVERNMENT ENTITIES. WE EXPECT TO BE ASKED TO PUT THIS INTO EFFECT IN NEXT DAY OR TWO WITH RESPECT TO ALL PRODUCTS WHICH COME FROM PHILIPPINE REFINERY.

6. ACTION REQUESTED: I ASSUME THERE IS SOME CENTRAL CLEARING HOUSE IN WASHINGTON FOR INFORMATION BEING DEVELOPED ON WHAT WE MAY EXPECT WITH RESPECT TO CONTINUING PETROLEUM CRISIS. IT IS CLEAR THAT PROGRESSIVE CUTS BEING ABSORBED IN FASHION DESCRIBED ABOVE WILL HAVE MAJOR EFFECT ON U.S. MILITARY, ADMINISTRATIVE, AND PROPAGANDA ACTIONS ON A WORLD-WIDE BASIS. WE WOULD APPRECIATE BEING PROVIDED WITH APPRAISALS OF ACTIONS AND EFFECTS AS THEY DEVELOP.
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